

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**



Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities.

Investigation 07-01102 **FILED**  
(Filed January 11, 2007)  
04:59 PM

In the Matter of the Application of Golden State Water Company (U 133 E) for Authority to Implement Changes in Ratesetting Mechanisms and Reallocation of Rates.

Application 06-09-006  
(Filed September 6, 2006)

Application of California Water Service Company (U 60 W), a California Corporation, requesting an order from the California Public Utilities Commission Authorizing Applicant to Establish a Water Revenue Balancing Account, a Conservation Memorandum Account, and Implement Increasing Block Rates.

Application 06-10-026  
(Filed October 23, 2006)

Application of Park Water Company (U 314 W) for Authority to Implement a Water Revenue Adjustment Mechanism, Increasing Block Rate Design and a Conservation Memorandum Account.

Application 06-11-009  
(Filed November 20, 2006)

Application of Suburban Water Systems (U 339 W) for Authorization to Implement a Low Income Assistance Program, an Increasing Block Rate Design, and a Water Revenue Adjustment Mechanism.

Application 06-11-010  
(Filed November 22, 2006)

Application of San Jose Water Company (U 168 W) for an Order Approving its Proposal to Implement the Objectives of the Water Action Plan.

Application 07-03-019  
(Filed March 19, 2007)

**SETTLEMENT AGREEMENT BETWEEN PARK WATER COMPANY, NATIONAL CONSUMER LAW CENTER, CONSUMER FEDERATION OF CALIFORNIA, LATINO ISSUES FORUM AND UTILITY REFORM NETWORK ON DATA COLLECTION, MONITORING AND REPORTING**

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August 10, 2007

Before the Public Utilities Commission of the State of California

Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities.	Investigation 07-01-022 (Filed January 11, 2007)
In the Matter of the Application of Golden State Water Company (U 133 E) for Authority to Implement Changes in Ratesetting Mechanisms and Reallocation of Rates.	Application 06-09-006 (Filed September 6, 2006)
Application of California Water Service Company (U 60 W), a California Corporation, requesting an order from the California Public Utilities Commission Authorizing Applicant to Establish a Water Revenue Balancing Account, a Conservation Memorandum Account, and Implement Increasing Block Rates.	Application 06-10-026 (Filed October 23, 2006)
Application of Park Water Company (U 314 W) for Authority to Implement a Water Revenue Adjustment Mechanism, Increasing Block Rate Design and a Conservation Memorandum Account.	Application 06-11-009 (Filed November 20, 2006)
Application of Suburban Water Systems (U 339 W) for Authorization to Implement a Low Income Assistance Program, an Increasing Block Rate Design, and a Water Revenue Adjustment Mechanism.	Application 06-11-010 (Filed November 22, 2006)
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**SETTLEMENT AGREEMENT BETWEEN PARK WATER COMPANY,  
NATIONAL CONSUMER LAW CENTER, CONSUMER FEDERATION OF  
CALIFORNIA, LATINO ISSUES FORUM AND UTILITY REFORM NETWORK  
ON DATA COLLECTION, MONITORING AND REPORTING**

**1. GENERAL**

1.1 Pursuant to Article 12 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), Park Water Company ("Park"), National Consumer Law Center ("NCLC"), Consumer Federation of California ("CFC"), Latino Issues Forum (LIF) and The Utility Reform Network ("TURN" collectively, "the Parties") have agreed on the terms of this Settlement Agreement which they now submit for approval. This Settlement Agreement addresses data collection and monitoring programs to gauge the effectiveness of conservation rate design, its impact on low-income affordability, and how results will be reported to the Commission.

1.2 Since this Settlement Agreement represents a compromise by them, the Parties have entered into each stipulation contained in the Settlement Agreement on the basis that its approval by the Commission not be construed as an admission or concession by any Party regarding any fact or matter of law in dispute in this proceeding. Furthermore, the Parties intend that the approval of this Settlement

Agreement by the Commission not be construed as a precedent or statement of policy of any kind for or against any Party in any current or future proceeding. (Rule 12.5, Commission's Rules on Practice and Procedure.)

1.3 The Parties agree that no signatory to the Settlement Agreement assumes any personal liability as a result of their agreement. All rights and remedies of the Parties are limited to those available before the Commission.

1.4 The Parties agree that this Settlement Agreement is an integrated agreement, so that if the Commission rejects any portion of this Settlement Agreement, each Party has the right to withdraw. Furthermore, the Settlement Agreement is being presented as an integrated package such that parties are agreeing to the Settlement as a whole, as opposed to agreeing to specific elements of the Settlement.

1.5 This Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

## **2. BACKGROUND**

2.1 Park provides service to approximately 27,000 customers that are billed on a bi-monthly basis. All of Park's customers are metered. As directed by Ordering Paragraph 2 of Commission Decision 06-08-015 dated August 24, 2006, Park filed an application, A. 06-11-009, for approval of a Water Revenue Adjustment Mechanism ("WRAM"). In addition, Park's application requested authority to implement a conservation rate design and a conservation memorandum account. On December 22, 2006, DRA filed a protest to the Application and identified several issues of concern.

2.2 In the Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities adopted on January 11, 2007 ("the OII"), the Commission consolidated A.06-11-009 and several other applications for conservation rates into the above-captioned proceeding.

2.3 On June 15, 2007, Park and the Division of Ratepayer Advocates ("DRA") filed a motion to approve a settlement agreement which resolved the issues between Park and DRA regarding Park's request for a WRAM and conservation rate design, with the specific exclusion of two unresolved issues, Return on Equity (ROE) and the Conservation Memorandum Account.

2.4 On July 30, 2007, Park and DRA filed a motion to approve a settlement agreement which resolved the issue between Park and DRA regarding Park's request for a Conservation Memorandum Account.

## **3. DATA COLLECTION AND MONITORING**

3.1 The Parties agree that Park will implement data collection and monitoring

programs to assess the impact of conservation rate design on customers. The Parties agree that the collection of data on residential and Low Income Rate Assistance (“LIRA”) usage, arrearages and disconnections is useful for that purpose.

3.2 The Parties agree that Park will monitor and collect the following data:

1. The annual number of customers in each customer class.
2. The monthly number of residential customers.
3. The monthly number of residential customer accounts over 30 days past due.
4. The monthly dollar value of residential customer accounts over 30 days past due.
5. The monthly number of disconnection notices generated for residential customers.
6. The monthly number of residential customers that have had service discontinued for non-payment (actually tracked by charging of reconnection fees to account but provides the exact number of disconnections for non-payment).
7. The monthly number of residential customers that have had service restored after discontinuance for non-payment.
8. The monthly number of LIRA customer accounts.
9. The monthly number of LIRA customer accounts over 30 days past due.
10. The monthly number of disconnection notices generated for LIRA customers.
11. The monthly dollar value of LIRA customer accounts over 30 days past due.
12. The monthly number of LIRA customers that have had service discontinued for non-payment.
13. The monthly number of LIRA customers that have had service restored after discontinuance for non-payment.
14. The monthly customer usage in billing units by Tier 1 and Tier 2 separated by meter size and by customer class (with LIRA customers broken out).
15. The monthly customer usage for current month of the current year vs. prior year, using average customer profiles at different usage levels (with a separate profile for LIRA customers).
16. Weather normalized monthly usage data (available only during GRC proceedings).

## **4. REPORTING**

### **4.1 Annual Report**

The Parties agree that Park will provide annual reporting, as a supplement to the Annual Report filed with the Commission. Copies of the report will be provided to the Chief of the Water and Audits Division, Branch Manager of DRA Water and other interested parties upon request.

#### **4.2 Availability of Weather Normalized Data During General Rate Case**

The Parties agree that weather normalized monthly usage data will be made available to interested parties, upon request during each GRC proceeding. The Parties agree that Park will not calculate and track weather-normalized monthly usage data on an ongoing basis between GRCs.

### **5. MEMORANDUM ACCOUNT TREATMENT**

5.1 The Parties agree that the costs associated with the Data Collection described above in Section 3.2 will be tracked for potential future recovery in the Implementation Cost Memorandum Account proposed by Park and DRA in their settlement of the WRAM/Rate Design issues should the Commission establish that memorandum account, or in such other memorandum account that the Commission should designate for this purpose. This would apply only to costs incurred after a Commission decision authorizing the memorandum account.

5.2 The Parties agree that, after the Account has terminated and a final balance has been calculated, Park will file an advice letter to request recovery of that balance. The Parties agree that the processing of the advice letter will include a reasonableness review to ensure that the costs tracked in the Account meet the criteria stated above.

### **6. SCHEDULE FOR IMPLEMENTATION OF DATA COLLECTION**

6.1 For some of the data collection, especially the disaggregation for LIRA customers, modification will need to be made to Park's Customer Information System ("CIS"). For data that is already tracked or can easily be tracked without modification, the Parties agree that Park will start data collection with the effective date of the Phase 1A decision authorizing a conservation rate design. For data collection requiring modification, the Parties agree that Park will begin modification after authorization of a memorandum account to track the costs, will complete the modification as soon as reasonably possible, and will begin tracking/collecting data after Park's CIS has been modified. The Parties anticipate that this would be within the 90-day period prior to implementation of the new rate design.

Respectfully submitted,

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